

# Health Insurance: Your Options When You Retire



Updated 1/22/2018

Office of Human Resources, Montgomery County Government

## During the Presentation

- Ask only general (not personal) insurance questions
- Write down any personal health insurance inquiries on the provided yellow pads; hand your sheet to the presenter after the presentation

***Thank you for ensuring that your  
personal health information remains private!***



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# What Happens to Your Insurance?

Generally, you may take your life and health insurance with you into retirement. It is the same coverage as that offered to active employees except that the following plans are not available:

- **NVA Vision Plan**
  - Discount Vision Plan Offered
  - Full Vision Plan offered for 18 months through COBRA
- **Dental DHMO**
  - Not offered to retirees
  - UCCI PPO plan offered to retirees
- **Flexible Spending Accounts (FSAs)**
  - Ends at retirement
  - Reimbursement for services incurred prior to retirement date



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# Changing Your Health Insurance

Retirement is considered a qualifying status change (life event), so you are able to make changes to your health insurance now!

Also, once you are retired, you can make changes to your health insurance benefits (medical, prescription, dental and vision) anytime during the year:

1. Submit a Retiree Election Form with your changes to the Health Insurance Team by the 10th of the month.
2. Your change will take effect the first day of the following month.

For qualifying life events, the 60-day rule still applies (for example, births and marriages).



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# Eligible Dependents

For Medical, Prescription, Dental and Vision coverage

## Spouse

- Legally married? **Yes**
- Divorced? **No**

## Children

Biological, legally adopted, stepchildren, or under your legal custody and who are either:

- Under age 26? **Yes**
- Age 26 and over? **No**, unless incapable of self support

## Relatives

- Sisters, brothers, parents or parents-in-law? **No**
- Grandparents, grandchildren, aunts, uncles, cousins, nieces or nephews? **No**



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# Proof of Eligible Dependents

For Spouse: Official State Marriage Certificate (certified by appropriate State or County Official)



Not Acceptable



Acceptable



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# Proof of Eligible Dependents, cont.

- **For a Biological Child:** State Birth Certificate\* (For newborns, OHR will accept hospital discharge papers for first 60 days; birth certificate must then be submitted)
- **For an Adopted Child:** Copy of Adoption or Placement for Adoption Papers
- **For a Step Child:** State Birth Certificate\*, Marriage Certificate and Divorce Decree or Custody Papers
- **For a Disabled Child:** Medical plan verification of disability prior to age 26
- **For Legal Custody:** Copy of Court Order granting legal custody

\* Must show plan member or spouse as parent.



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## Eligibility

If you are a member of the optional or integrated plan under the Montgomery County Employees' Retirement System (ERS) and hired before July 1, 2011, and retire under a normal, early, disability or discontinued service retirement, you are eligible for health insurance benefits. However, you are not eligible for health insurance if you leave County service prior to retirement eligibility with a deferred vested benefit payable upon your normal retirement date.

If you belong to Group...	Early Retirement: At least...		Normal Retirement: At least...	
	Years of Service	Age	Years of Service	Age
A, AB, AK, AS, AT, AZ, H, HK, HZ, UK, UZ	15	50	5	60
	20	45	30	55
A/H (SLT or Police TCC Supv. or On-Supv.)	N/A	N/A	30	50
E, EK, EZ	15	45	15	55
	20	41	25	46
F, FK, FZ	15	45	15	55
	20	41	25	Any
DRSP	N/A	N/A	25	46
G, GK, GZ	N/A	N/A	15	55
	N/A	N/A	20	Any
DROP Entry	N/A	N/A	Eligible for normal retirement.	



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# Eligibility

If you are a member of the Montgomery County Elected Officials' Plan (EOP, Group ZK), the Retirement Savings Plan (RSP, Group RN, RM, RC, RP), or the Guaranteed Retirement Income Plan (GRIP, Group CN, CM, CC, CP, CZ) and hired before July 1, 2011, you are eligible for health insurance upon separation from service if your age and credited service under a County Retirement Plan at the time of separation from service meet the following...

If you belong to Group...	And have credited service of at least...	And your age is at least...
CC, CM, CN, CZ, RC, RM, RN, ZK	5 years	60
	15 years	50
	20 years	45
RP, CP – Police, Corrections, Sheriff	15 years	45
	20 years	41
RP, CP – Fire	20 years	Any age



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# Eligibility

If you are a member of any County retirement plan and hired or rehired as a permanent employee on or after July 1, 2011, you must have at least 10 years of County service (credited under a County retirement plan), to be eligible for health insurance continuation when you leave County service. All other eligibility criteria remain the same as for employees hired before July 1, 2011 in the previous charts (e.g., must have 15 years of credited service and be at least 50 years old).

If you belong to Group...	And have credited service of at least...	And your age is at least...
CC, CM, CN, CZ, RC, RM, RN, ZK	10 years	60
	15 years	50
	20 years	45
RP, CP – Police, Corrections, Sheriff	15 years	45
	20 years	41
RP, CP – Fire	20 years	Any age



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# How Much Will You Pay?

If your most recent hire date was before January 1, 1987, you have a choice of premium cost shares:

**A) Elect the 80/20 cost share** – 80% of your premium is paid by the County and 20% by you for the length of time you were eligible for health insurance. You or a surviving family member will be responsible for 100% of the premium at the end of that time period.

*Example: if you were eligible for health insurance for 20 years and 6 months and were retiring on 7/1/2018:  
7/1/2018 + 20 and 6 = January 1, 2039 @ 100% OR*

**B) Elect the lifetime cost share** – 70%\* paid by the County and 30%\* paid by you. The County will always contribute 70% toward your health insurance coverage. (\*The percentage will depend upon your actual length of County service as described in the next slide.)

***The premium cost share election is a one-time irrevocable choice.***



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# How Much Will You Pay?

If your most recent hire date was on or after January 1, 1987 but before July 1, 2011, then the cost share arrangement at right applies to you.

Note: “Years” refers to years of eligibility under the health insurance plan; it does not include any transferred or purchased service, or any sick leave converted to credited service for ERS purposes.

Years of Service	Employee Share
5	50%
6	48%
7	46%
8	44%
9	42%
10	40%
11	38%
12	36%
13	34%
14	32%
15+	30%



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## How Much Will You Pay?

The cost share arrangement shown at right applies to you if your most recent hire date was on or after July 1, 2011.

Note: "Years" refers to years of eligibility under the health insurance plan; it does not include any transferred or purchased service, or any sick leave converted to credited service for ERS purposes.

Years of Service	Employee Share
10	50%
11	48.67%
12	47.34%
13	46%
14	44.67%
15	43.34%
16	42%
17	40.67%
18	39.34%
19	38%
20	36.67%
21	35.34%
22	34%
23	32.67%
24	31.34%
25+	30%



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## Imputed Income

### For Domestic Partner Health Benefits

What is *imputed income* and how does it affect domestic partner benefits?

- The IRS defines imputed income as: non-cash, employer-provided benefit that is considered taxable
- The cost of health insurance benefits is taxable and becomes imputed income for a domestic partner and any children of a domestic partner
- The cost for health insurance benefits is not taxable for spouses and their dependents



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## How Do You Pay for Your County Insurance Premiums?

**Members of the Employees' Retirement System (ERS):** Your health insurance premiums are deducted directly from your pension paychecks. If there are not enough funds to cover the health insurance premiums, the member is direct billed as described below.

**Members of the Retirement Savings Plan (RSP) or Guaranteed Retirement Income Plan (GRIP):** You are billed directly for your health insurance through the County's third party administrator, Benefit Strategies. For more information, contact them at 1-888-401-3539 or <http://benstrat.com/participants.php>.



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## Can Your Spouse Keep Your Insurance?

Yes, as a retiree, your spouse will be offered the option to remain on the County's health insurance plan for the rest of his or her life.

The cost share percentage that you choose when you retire remains the same for your surviving spouse.



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# What Is Medicare?

- **Part A (Hospital Insurance)** covers most medically necessary hospital, skilled nursing facility, home health and hospice care. It is free if you have worked and paid Social Security taxes for at least 40 calendar quarters (10 years); you will pay a monthly premium if you have worked and paid taxes for less time. Part A is effective the month in which you turn 65.
- **Part B (Medical Insurance)** covers 80% of most medically necessary doctors' services, preventive care, durable medical equipment, hospital outpatient services, laboratory tests, x-rays, mental health care, and some home health and ambulance services. You pay a monthly premium for this coverage and it is required if you want to receive benefits from your County medical plan.
  - CareFirst BCBS and United Healthcare will process your claims as if you had elected Part B, whether you elect Part B or not. This means significantly lower benefits (or no benefits) if you do not elect Part B.
  - You cannot continue in the Kaiser plan unless you elect Part B and enroll in the Kaiser Medicare Plus Plan.
- **Medicare Part D (Prescription Drug Insurance)** The County's prescription plan works together with Medicare Part D to maintain your current coverage level; this process is administered through SilverScript.
  - You should not elect a separate Medicare Part D plan if you want the County's plan through SilverScript; enrollment via SilverScript is automatic.
  - SilverScript does not apply to Kaiser participants.



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# When Do You Need to Apply?

## Medicare Parts A & B

Generally, you need to apply for Medicare Parts A & B at age 65. The only situations in which you do not need to apply for Medicare at age 65 are:

- If you are still actively employed (post age 65), or
- You are the covered dependent of someone still working with employer-provided insurance.

In these cases, you can apply during a special enrollment period within 3 months prior to or 3 months after either your or your spouse's retirement date.

***IMPORTANT: If you do not apply for Medicare when you reach 65 or upon your or your spouse's retirement, you may be charged premium penalties assessed by Social Security.***



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## Medicare Parts A and B:

### Part B Premiums Are Based on Income

If your filing status and yearly income in 2016 was...

Individual Tax Return	Joint Tax Return	Married and Separate Tax Return	You Pay (2018)
\$85,000 or less	\$170,000 or less	\$85,000 or less	\$134.00
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	Not applicable	\$187.50
above \$107,000 up to \$133,500	above \$214,000 up to \$267,000	Not applicable	\$267.90
above \$133,500 up to \$160,000	above \$267,000 up to \$320,000	Not applicable	\$348.30
above \$160,000	above \$320,000	above \$85,000	\$428.60



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## Medicare Part D:

### SilverScript and IRMAA

Medicare charges high income retirees the Income Related Monthly Adjustment Amount (IRMAA) because the SilverScript Plan is a Part D plan. If your filing status and yearly income in 2016 was...

Individual Tax Return	Joint Tax Return	Married and Separate Tax Return	You Pay (2018)
\$85,000 or less	\$170,000 or less	\$85,000 or less	Your plan premium
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	Not applicable	\$13.00 + Your plan premium
above \$107,000 up to \$133,500	above \$214,000 up to \$267,000	Not applicable	\$33.60 + Your plan premium
above \$133,500 up to \$160,000	above \$267,000 up to \$320,000	Not applicable	\$54.20 + Your plan premium
above \$160,000	above \$320,000	above \$85,000	\$74.80 + Your plan premium



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## Basic Life Insurance

As an active full-time employee, the face value of your Basic Life Insurance policy is one times your annual salary. The face value at retirement is calculated:

**Active life insurance amount multiplied by years of service\***  
(up to 20 years) multiplied by 5% ( $20 \times 5\% = 100\%$  of active life amount)

**Example:  $\$70,000 \times 20 \times 5\% = \$70,000$**

*\*Years of service is the number of years and months that you were eligible for health insurance coverage; not credited service used for your retirement calculation.*



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## Basic Life Insurance (cont.)

- This amount remains the value of your policy for the first 5 years after you retire or at age 65, whichever is earlier.
- Beginning on your 5th retirement anniversary, the value of your policy will reduce by 10% of the initial value; continuing to reduce each year afterwards.
- The face value will never go lower than 25% of the original value.
  - **Example:  $\$70,000 \times 25\% = \$17,500$**
- Your policy will reduce automatically to the minimum value on your 65th birthday, and then the County pays the full premium of your life insurance.



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## Basic Life Insurance (cont.)

Here is an example of a basic life insurance reduction schedule:

7/1/18 = \$70,000  
7/1/23 = \$63,000  
7/1/24 = \$56,700  
9/8/24 = \$17,500 **At age 65**

**Note: 65th birthday is 9/8/24 so reduction to 25% would occur on 65th birthday. Basic amount will never go lower than 25% of full value.**



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## Imputed Income

### For Basic Life Insurance Above \$50,000

- Imputed income affects the amount of Basic Life Insurance above \$50,000.
- If you receive County-provided Basic life insurance with a value equal to or greater than \$50,000 in any given year, the value of the coverage is considered imputed income and is taxable income to you.
- For more information, visit:

[http://www.montgomerycountymd.gov/HR/Resources/Files/Benefits/Imputed\\_Income\\_Retiree\\_BasicLife.pdf](http://www.montgomerycountymd.gov/HR/Resources/Files/Benefits/Imputed_Income_Retiree_BasicLife.pdf)



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## Optional Life Insurance

- You may continue Optional Life insurance into retirement provided your coverage was in effect at the time of retirement.
- The coverage remains the amount in effect at the time of retirement.
- The cost is 100% retiree paid.
- Coverage reduces to 50% at age 70, then to 25% at age 75.
- The face value will never go lower than 25% of the original value.



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## Optional Life Insurance (cont.)

Here is an example of an Optional Life insurance reduction schedule:

\$210,000 = 7/1/2018

\$105,500 = 9/8/2029 **At age 70**

\$52,500 = 9/8/2034 **At age 75**

**Note: Optional Life value is 3x's salary at retirement (\$70,000 x 3 = \$210,000).**

**Coverage reduces to 50% at age 70, then to 25% at age 75. Optional amount will never go lower than 25% of full value.**



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## Dependent Life Insurance

- You may continue Dependent Life insurance into retirement provided your coverage was in effect at the time of retirement.
- The coverage remains the amount in effect at the time of retirement.
- Option 1 is 75% retiree paid; Options 2 and 3 are 100% retiree paid.

**Option 1:** \$2,000 eligible spouse/\$1,000 unmarried children under age 26

**Option 2:** \$4,000 eligible spouse/\$2,000 unmarried children under age 26

**Option 3:** \$10,000 eligible spouse/\$5,000 unmarried children under age 26



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## Moving Out of State?

**Kaiser is not available nationwide**, so participants must elect either United Healthcare or one of the CareFirst BCBS POS Plans (High or Standard Option). Also, because Kaiser includes prescription drug coverage, Kaiser participants must elect one of the separate Caremark Prescription Plans (High or Standard Option).

The **CareFirst BlueCross BlueShield (BCBS) Point-of-Service (POS) plan offers a nationwide network** called the "BlueChoice Advantage POS Network." It provides in and out-of-network benefits if you reside inside or outside the POS network service area. Participants use a national "BlueCard EPO/PPO Network" provider for services considered outside the POS network service area.

**United Healthcare is available nationwide**, so participants do not need to do anything to continue the same coverage.

***IMPORTANT: Any changes to your health insurance must be made within 60 days of your move by completing a Retiree Health Insurance Election Form, available online at [www.montgomerycountymd.gov/hr](http://www.montgomerycountymd.gov/hr).***



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## Benefits Reminders

- You are responsible for your benefits.
- Read the materials handed out today.
- Read materials mailed to your home and let us know if you move by completing a Retiree Personal Data Form, available online through the Benefits section of the OHR website.
- Keep copies of all paperwork for your own records.
- Review deductions on your pension check.



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## How to Contact Us

If you have questions that cannot be answered by browsing our website or calling a plan provider on the Health Insurance Contacts list, please contact the OHR Health Insurance Team through MC311.

**Monday to Friday, 8 a.m. to 5 p.m.**  
**240-773-OHR1 (240-773-6471)**  
**1-877-613-5212**  
**TTY: 711**



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## Legal Information

The County expects to continue its health insurance plans, but it is the County's position that there is no implied contract between employees and the County to do so, and the County reserves the right at any time and for any reason to amend the terms of the plans or terminate the plans, subject to the County's collective bargaining agreements. The County may also amend the plans at any time, either prospectively or retroactively, as required by federal law.



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## Thank You

We hope you have enjoyed learning about your retiree health insurance package. Thank you for allowing us to serve your health insurance needs.

*~Your OHR Health Insurance Team*



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